

**ANNUAL REPORT FOR YEAR 2000
CAPACITY BUILDING FOR DECENTRALIZATION IN
INDONESIA PROJECT**

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Overview of the Program

CBDI is a technical assistant project for strengthening the capacity of local governments at the district level. The task is urgently need as Indonesia's "decentralization" is going to take effect in January 2001. This project aims at building capacity at three levels; local, regional, and national, with emphasis on local. For building capacity at the local level, we have carried out the following tasks:

1. Technical Workshop for heads of local governments and their immediate associates,
2. Capacity Building Workshop for local government employees and resource persons (consultants),
3. Technical Assistance on a priority issue to local governments through the use of the resource persons.

The Technical Workshop, lasting two days, is intended to orient policy makers to the new decentralized environment, and to have them mentally prepared for their expanded tasks. The Capacity Building Workshop comprises lectures and excises on infrastructure project identification, cost-benefit analysis, community participation, survey techniques, and capital budgeting. Resource persons and local government employees learned jointly in this Workshop. This relationship is carried forward in the Technical Assistance phase. Each local government chose a topic from its own area for further study. Then, for four months, they worked together to get the results. Consultants' cost has been paid by CBDI within a limit, and any additional cost, cash or in-kind, were borne by the local governments.

Specific Features of the Program

A number of considerations have been given to make this project effective in capacity building of local governments:

1. Multi-Level Training

Capacity Building at the local level requires corresponding capacity building at national and regional levels. This is because the capacity building system must be sustainable. To be sustainable, national and regional leaders need to be oriented correctly. This task was carried out by two programs: Sending four leaders to Practitioners Institute at USC, and sending 11 junior executive government employees to USC' IPPAM program (funded by a separate source). In addition, some of the resource persons are from regional universities, who would play a significant role within their own region the future. In addition, Policy Dialogue Workshop (PDW) held for one day in Jakarta at the beginning played a role of disseminating information about our activities as well as about the forthcoming decentralization in the country.

2. Orientation to Policy Makers

We have given emphasis on the orientation of policy makers. One objective of holding a Policy Dialogue Workshop at the beginning was, not only for informing our project to those involved in decentralization of the country, but also to give proper perspective to national and local decision makers such as high and medium level government officials in the central government and governors and heads of local governments.

Another orientation Workshop was held in Bandung prior to the Capacity Building Workshop. Warikotas and Bupatis are invited to the Workshop, and listened to lectures by prominent speakers on decentralization, and they themselves presented the state of the local government to the audience. They were briefed about the lessons their employees and resource persons were going to receive in the near future. In this way, cooperation by the local government leadership was requested with considerable success.

3. Group Learning

Group learning is a method we are employing in this project. In the Capacity Building Workshop, there are five persons from each local government, three government employees mostly from BAPPEDA and two resource persons appointed by the local government. These five persons work on all assignments and particularly on the study task selected for technical assistance following the Workshop. This group of persons working together, we believe, would give enough momentum to the decisions that the governments make. If only one person learns off-site, the person may not be influential enough to induce changes.

4. Training of Resource Persons for Wider Dissemination of Knowledge

It is important to train government employees. But, at the same time, it is also important to train experts who would be available to a number of local governments on demand. Government employees, even though they are capable of, they cannot concentrate on specific projects or tasks as they need to cover a wide range of issues. On the other hand, resource persons outside, be they professional consultants, university faculty members or NGO personnel, can concentrate on certain issues. In addition, they are available not only to one local government but also for a large number of local governments. Therefore, capacity building of resource persons outside has significant merits.

5. On-site Technical Assistance

Another feature of this project is to employ on-site Technical Assistance. One task was chosen by each local government for study. They have chosen a high-priority task for them. For the study, technical assistance was provided by the resource persons chosen by the local government. They came to the local government to discuss the issues, collect information, and presented their findings. Through this

technical assistance, local government employees were able to learn from the resource persons. In addition, CBDI instructors provided guidance at the Workshop and through visits to the local governments. This type of real problem-solving will give them much greater learning experience than solving exercises in class rooms.

Achievements to Date

From the start of this project in January 2000, we have proceeded as scheduled. In the process, we have modified our schedule or the size of activities. But, they were minor, and all changes were made to improve the quality of the project. There were two notable changes, (1) acceleration of the timing of the Technical Workshop from July to May, and (2) to increase the number of participants in the Capacity Building Workshop from each local government from one to three. These were undertaken without exceeding the budget allocation. By the beginning of December, all scheduled activities for the first year, representing one full cycle, have been completed. Therefore, it is the time to reflect on our achievements or the lack of achievements, and to program for the coming year.

1. Overall Evaluation

As we were able to complete all the scheduled activities, we feel at least relieved. In addition, we are happy to report that all local governments that participated in the Capacity Building Workshop and Technical Assistance Session are highly appreciative of CBDI for taking part in this project. Through our visits to the local governments we heard words of appreciation in a number of ways. One Secretary to Bupati stated that she would like to contribute an article in the publication of the Institute of Technology Bandung, describing her experience with CBDI. In a number of local governments, we heard that this project is of a very high priority for the local government. All the local governments completed a report by the end of November/early December. Almost all local governments stated that they spent, in-kind or cash, large amounts of resources in support of this study. Enthusiasm shown by the local governments was particularly notable. They liked this project, and appeared to be trying their best to complete the study.

2. Policy Dialogue Workshop

The Policy Dialogue Workshop was held at BAPPENAS on May 17, attended by 61 persons. In the morning session, five speakers presented a paper representing five ministries closely related to the decentralization and capacity building at the local level. They were BAPPENAS, Ministry of Finance, Ministry of Human Settlements and Regional Development, State Ministry of Regional Autonomy, and State Ministry of Public Works. It was useful for disseminating CBDI's planned activities to interested persons and organizations. The event was reported by three newspapers. The workshop was useful in clarifying possible impacts of decentralization, and the need of capacity building at the local level. We regret that the Ministry of Home

Affairs was not able to send a representative to this PDW due to a schedule conflict. However, the State Ministry of Regional Autonomy played a major role.

3. Practitioners Institute and IPPAM Program at USC

Four Indonesians were invited to participate in the annual Practitioners Institute held at University of Southern California from June 12 through 23. Three are the faculty of the Institute of Technology Bandung, and one is a BAPPENAS official. They were exposed to lectures given by world-class lectures on topics closely related to local governance, decentralization, local financial management, and infrastructure planning. They also presented their cases to the audience for comments and suggestions. They interacted actively with the rest of the participants. Although the immediate impact of their participation cannot be measured readily, they should now have much broader perspective on the matters discussed. One tangible impact was one participant's rethinking of her involvement with Bandung Metropolitan Planning Commission. She thought she was taking part in participatory planning activity, but after her presentation of her case in the Institute, she realized that the Commission's planning process was not sufficiently participatory, and started to look for wider participation in planning deliberations.

Eleven Indonesian students completed their 13 months International Program for Policy and Management in July at University of Southern California. They are from Central Ministries and Provincial Governments in Indonesia and financed by another source. However, they took part in the Practitioners Institute, and interacted actively with participants from other developing countries such as Egypt, Brazil, Nepal, Mozambique, and others.

4. Technical Workshop, Capacity Building Workshop, and Technical Assistance

These activities constitute the central elements of this project. 10 local governments were selected from various parts of the country, two from Sumatra, one from Kalimantan, five from Java, one from Bali, and one from NNT. Warikota/Bupati and his associate participated in Technical Workshop on May 22 through 24. Three employees and two resource persons from each local government participated in the Capacity Building Workshop held in Bandung on July 17 through 22. Then, technical assistance started soon after the completion of the Workshop on the subject that was selected during the Technical Workshop, and the study was completed, to the extent possible, by the end of November. A faculty member of ITB visited each local government at least once during the process, and a pair of USC and ITB faculty members visited at completion.

On the whole, the team of government officials and resource persons did a wonderful job, completing a report with analysis and recommendations. Some of the teams welcomed this effort of planning at the local level and called it "paradigm shift." They spent many hours discussing issues among themselves and with officials in

related departments and agencies. Some explicitly looked for “win-win solutions.” Some of the studies are useable as a basis of making decisions for investment or implementation, and if not, they clarified issues that need to be further examined. At least the participation in the project has given the local governments a sense of independence, and promoted its effort to work on their own, rather than depending on the decisions coming from the Center.

This optimistic assessment does not necessarily imply that everything is perfect and rosy. We have identified some shortcomings. Some teams did not understand well the distinction of economic benefits from financial benefits. Some were excessively optimistic about estimation of benefits. In some cases, technical analysis was not closely tied to economic/financial analysis. This would imply two things. We need to give the participants at the Workshop more of specific case studies to improve their understanding. Second, we need to monitor their activities more frequently. Capable faculty members of USC/ITB should be visiting each local government two to three times during the period of study.

Lessons Learned During 2000 for Future Guidance

Generally speaking, most of our intentions were well achieved. The principal measures we have employed have worked well. Due to our multi-level training, the leadership in the field of capacity building at the local level is being strengthened. A number of ITB faculty members have expressed serious interest in the subject, and have been working jointly with USC faculty for this project. They will be able to deliver better instructions on the subject in the future than before. Also, university faculty members who participated in CBW are now better qualified than before in guiding local governments in their respective region.

Through orientation of local government leaders, they have paid serious attention to our activities and supported in a number of ways the studies for which CBDI helped finance. They have dealt with major issues in their local governments.

Group learning was effective in maintaining their knowledge and disseminating it to the entire planning organization, BAPPEDA. As a result, the study occupied a central position within the organization. Training of resource persons was effective as they performed a central role in the preparation of the report. Without them, the report would not have been completed. In addition, as we have used a real issue in the government and let them study on-site, the study teams were able to work on the task seriously and collaborated with related departments and agencies.

The resource persons thus trained through real problem solving will be able to help other local governments as well and also be available for other issues of the local government.

However, we have also identified some areas that require improvement. For the Capacity Building Workshop, it is desirable to bring in specific case studies to deepen

understanding by participants. Specifically for cost-benefit analysis, exercises based on specific cases will improve participants understanding. We have used some cases. But, there is a need of providing more thought-out cases for exercise.

Another area in which improvement is needed is monitoring and guidance during the period of technical assistance. We have undertaken this type of activities this year, but more frequent visits and for longer duration will improve their performance profoundly.

In addition, some local governments expressed a view that other types of stakeholders such as members of the legislative body, community leaders, and prospective investors should also be invited to the Workshops. We need to give further thought to this demand. But, as the interest of those persons will be slightly different, and their period of availability usually shorter, it would be better to invite them, if we do, for a shorter period and for general sessions rather highly technical sessions.

Another lesson relates to the geographic spread of local governments chosen. As we have chosen them from every region of the country, transportation cost and time have become a serious burden. If we continue this type of capacity building effort for a longer period, as we would like to, then it is more logical to select local governments within a single region or province. Then, if we hold Workshops within the region, then the cost of coming to the Workshops by participants will be lessened and the cost of monitoring and guidance will also be reduced.